

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

ARÇELİK ANONİM ŞİRKETİ

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - MARCH 31, 2023**

ARÇELİK ANONİM ŞİRKETİ

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ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023, AND DECEMBER 31, 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Unaudited	Audited
		March	December
	Notes	31, 2023	31, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	5	29,347,464	24,529,219
Trade receivables			
-Due from related parties	28	518,858	420,397
-Trade receivables, third parties	9	39,105,096	33,772,657
Derivative instruments	8	59,437	232,043
Inventories	11	30,796,963	29,237,120
Prepaid expenses	17	1,309,242	1,147,473
Current income tax assets	18	538,358	709,474
Other current assets	20	1,953,210	1,937,931
Total current assets		103,628,628	91,986,314
Non-current assets:			
Financial investments	6	32,307	38,956
Trade receivables			
- Trade receivables, third parties	9	42,446	42,387
Investments accounted for using the equity method	12	1,136,996	1,148,453
Property, plant and equipment	13	21,484,716	20,822,336
Intangible assets			
-Goodwill		4,281,477	3,781,614
-Other intangible assets	14	9,804,791	9,755,086
Prepaid expenses	17	1,135,002	612,155
Deferred tax assets	26	5,081,756	4,055,377
Total non-current assets		42,999,491	40,256,364
Total assets		146,628,119	132,242,678

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

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AS OF MARCH 31, 2023, AND DECEMBER 31, 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Unaudited	Audited
		March	December 31,
	Notes	31, 2023	2022
LIABILITIES			
Current liabilities:			
Short-term borrowings	7	30,333,541	18,981,337
Short-term portion of long-term borrowings	7	13,796,524	16,248,013
Trade payables			
-Due to related parties	28	2,419,933	2,742,413
-Trade payables, third parties	9	30,939,020	28,185,125
Derivative instruments	8	91,205	179,692
Employee benefit obligations	19	2,052,993	1,638,321
Other payables			
- Other payables, third parties	10	3,297,127	1,756,300
Current income tax liabilities	26	143,986	50,265
Provisions			
-Other provisions	16	4,590,350	3,867,197
Other current liabilities	20	5,781,727	5,710,781
Total current liabilities		93,446,406	79,359,444
Non-current liabilities:			
Long-term borrowings	7	17,746,707	16,209,793
Provisions			
-Provision for employee benefits		2,464,491	2,619,763
-Other provisions	16	702,442	571,317
Deferred tax liabilities	26	1,967,938	2,043,930
Other non-current liabilities	20	4,173,066	4,332,751
Total non-current liabilities		27,054,644	25,777,554
Total liabilities		120,501,050	105,136,998

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Unaudited	Audited
		March	December
	Notes	31, 2023	31, 2022
EQUITY			
Paid-in capital	21	675,728	675,728
Adjustment to share capital	21	468,811	468,811
Treasury shares	21	(3,098,160)	(3,098,160)
Share premium/discount		889	889
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			
Gains/ losses on revaluation and remeasurement			
-Gain/loss arising from defined benefit plans		(1,528,089)	(1,411,039)
-Revaluation/ remeasurement of intangible assets		14,079	14,079
-Other gains/ losses on revaluation and remeasurement		12,307	18,888
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
Currency translation differences		16,974,890	17,420,552
Gains/ losses on hedge			
-Gains/ losses on hedges of net investment in foreign operations		(2,389,124)	(2,363,383)
-Gains/ losses on cash flow hedges		12,769	5,012
Balancing account for merger capital		14,507	14,507
Restricted reserves	21	3,488,026	3,800,517
Retained earnings		8,097,085	5,076,450
Net income for the period		1,074,457	4,324,672
Equity holders of the parent		23,818,175	24,947,523
Non-controlling interest		2,308,894	2,158,157
Total equity		26,127,069	27,105,680
Total liabilities and equity		146,628,119	132,242,678

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ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Unaudited	Unaudited
		March 31,	March 31,
	Notes	2023	2022
Net sales	4	39,891,377	28,164,395
Cost of sales		(27,475,138)	(19,477,778)
Gross profit		12,416,239	8,686,617
General administrative expenses		(2,477,067)	(1,312,152)
Marketing expenses		(7,037,130)	(4,929,141)
Research and development expenses		(226,763)	(154,577)
Other income from operating activities	22	732,369	1,901,218
Other expenses from operating activities	22	(1,206,668)	(1,470,073)
Operating profit		2,200,980	2,721,892
Income from investment activities	23	13,428	4,701
Expenses from investment activities	23	(11,158)	(21,186)
Share of profit/loss of investments accounted for using the equity method	12	(9,680)	(8,748)
Operating income before financial income/(expense)		2,193,570	2,696,659
Financial income	24	2,158,258	1,973,364
Financial expenses	25	(3,641,404)	(3,218,575)
Profit from continuing operations before tax		710,424	1,451,448
Tax income/(expense), continuing operations			
- Taxes on expense	26	(525,118)	(352,588)
- Deferred tax income/(expense)	26	973,300	125,502
Net income		1,158,606	1,224,362
Attributable to			
Non-controlling interest		84,149	58,777
Equity holders of the parent		1,074,457	1,165,585
Earnings per share (kurus)	27	1.686	1.762

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ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	<u>Unaudited</u> <u>March 31,</u> <u>2023</u>	<u>Unaudited</u> <u>March 31,</u> <u>2022</u>
Net income	1,158,606	1,224,362
Other comprehensive income		
Not to be reclassified to profit or loss	(152,712)	(109,362)
Gain/ loss arising from defined benefit plans	(143,682)	(109,212)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	(2,104)	(131)
Other gain/ losses not to be reclassified to profit or loss	(6,926)	(19)
Not to be reclassified to profit or loss, tax effect	29,081	24,028
Gain/ loss arising from defined benefit plans, tax effect	28,736	24,027
Other gain/ losses not to be reclassified to profit or loss, tax effect	345	1
To be reclassified to profit or loss	(402,039)	2,705,943
Currency translation differences	(393,704)	3,001,776
Other comprehensive income related with hedges of net investments in foreign operations	(32,174)	(325,260)
Other comprehensive income related with cash flow hedge	8,716	15,653
Share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss	15,123	13,774
-Currency translation differences of investments accounted for using the equity method	14,630	14,500
-Gain/loss from cash flow hedges of investments accounted for using equity method	493	(726)
To be reclassified to profit or loss, tax effect	4,981	70,717
Other comprehensive income related with hedges of net investments in foreign operations, tax effect	6,433	71,557
Other comprehensive income related with cash flow hedge, tax effect	(1,452)	(840)
Other comprehensive income/ (loss) (net of tax)	(520,689)	2,691,326
Total comprehensive income	637,917	3,915,688
Attributable to:		
Non-controlling interest	150,737	262,468
Equity holders of the parent	487,180	3,653,220

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ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022

Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Paid-in capital	Adjustment to share capital	Treasury shares	Share premium/discount	Balancing account for merger capital	Gain/(loss) arising from defined benefit plans	Gains/ losses on financial assets measured at fair value throughout comprehensive income	Gains/losses on hedge	Revaluation fund of intangible assets	Currency translation differences	Restricted reserves	Retained earnings	Net income	Equity holders of the parent	Non-controlling interest	Total equity
Balance at January 1, 2022	675,728	468,811	(1,215,266)	889	14,507	(396,514)	6,109	(1,820,690)	6,900	11,381,483	1,771,002	5,425,850	3,064,674	19,383,483	1,671,732	21,055,215
Transfers	-	-	-	-	-	-	-	-	-	-	146,623	2,918,051	(3,064,674)	-	-	-
Total comprehensive income	-	-	-	-	-	(85,316)	(18)	(239,616)	-	2,812,585	-	-	1,165,585	3,653,220	262,468	3,915,688
Net income	-	-	-	-	-	-	-	-	-	-	-	-	1,165,585	1,165,585	58,777	1,224,362
Other comprehensive income	-	-	-	-	-	(85,316)	(18)	(239,616)	-	2,812,585	-	-	-	2,487,635	203,691	2,691,326
Dividends (Note 21)	-	-	-	-	-	-	-	-	-	-	-	(1,384,556)	-	(1,384,556)	-	(1,384,556)
Increase/decrease due to acquisition of treasury shares	-	-	(1,066,203)	-	-	-	-	-	-	-	1,066,203	(1,066,203)	-	(1,066,203)	-	(1,066,203)
As of March 31, 2022	675,728	468,811	(2,281,469)	889	14,507	(481,830)	6,091	(2,060,306)	6,900	14,194,068	2,983,828	5,893,142	1,165,585	20,585,944	1,934,200	22,520,144
Balance at January 1, 2023	675,728	468,811	(3,098,160)	889	14,507	(1,411,039)	18,888	(2,358,371)	14,079	17,420,552	3,800,517	5,076,450	4,324,672	24,947,523	2,158,157	27,105,680
Transfers	-	-	-	-	-	-	-	-	-	-	127,616	4,197,056	(4,324,672)	-	-	-
Total comprehensive income	-	-	-	-	-	(117,050)	(6,581)	(17,984)	-	(445,662)	-	-	1,074,457	487,180	150,737	637,917
Net income	-	-	-	-	-	-	-	-	-	-	-	-	1,074,457	1,074,457	84,149	1,158,606
Other comprehensive income	-	-	-	-	-	(117,050)	(6,581)	(17,984)	-	(445,662)	-	-	-	(587,277)	66,588	(520,689)
Dividends (Note 21)	-	-	-	-	-	-	-	-	-	-	(440,107)	(1,176,421)	-	(1,616,528)	-	(1,616,528)
As of March 31, 2023	675,728	468,811	(3,098,160)	889	14,507	(1,528,089)	12,307	(2,376,355)	14,079	16,974,890	3,488,026	8,097,085	1,074,457	23,818,175	2,308,894	26,127,069

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ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Unaudited	Unaudited
		January 1- March 31, 2023	January 1- March 31, 2022
	Notes		
Cash flows from operating activities:			
Net income:		1,158,606	1,224,362
<i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i>			
Adjustments for depreciation and amortisation expense		997,373	711,155
Adjustments for impairment loss	31	28,103	23,592
Adjustments for other provisions	31	3,066,772	879,416
Adjustments for interest income	24	(231,850)	(86,971)
Adjustments for interest expense	25	1,339,515	742,268
Adjustments for income arising from government grants	22	(47,656)	(11,151)
Adjustments for unrealised foreign exchange differences		293,963	562,165
Adjustments for fair value (gains) losses on derivative financial instruments	24, 25	(36,526)	14,044
Adjustments for undistributed profits of investments accounted for using equity method	12	9,680	8,748
Adjustments for tax expense/income	26	(448,182)	227,086
Adjustments for losses (gains) on disposal of non-current assets	23	(2,270)	16,641
Other adjustments to reconcile profit (loss)	24, 25	(20,955)	13,705
Adjustments for dividend (income) loss	23	-	(156)
Adjustments for contingent liabilities	25	77,492	-
Adjustments regarding net profit reconciliation for the period		6,184,065	4,324,904
Changes in operating assets and liabilities:			
Adjustments for decrease (increase) in trade receivables		(5,277,010)	(5,523,178)
Adjustments for decrease (increase) in inventories		(1,213,660)	(6,672,516)
Decrease (increase) in prepaid expenses		(160,220)	(765,194)
Adjustments for increase (decrease) in trade payables		(366,866)	7,720,050
Increase (decrease) in employee benefit liabilities		(98,384)	201,513
Adjustments for increase (decrease) in other operating payables		(103,305)	64,316
Increase (decrease) in government grants and assistance		28,480	598
Other adjustments for other increase (decrease) in working capital		(461,775)	(175,266)
Income taxes refund (paid)		(208,022)	(216,371)
Cash flows from operating activities		(1,676,697)	(1,041,144)
Investing activities:			
Cashflow used in obtaining control of subsidiaries or other businesses	3	(830,220)	
Cash outflows due to share acquisition or capital increase in affiliates and / or joint ventures	12	-	(26,725)
Cash outflows from purchases of property, plant and equipment and intangible assets		(1,610,895)	(822,887)
Cash inflows from sale of property, plant and equipment and intangible assets		59,609	63,512
Dividends received	12, 23	16,750	55,531
Cash flows from investing activities		(2,364,756)	(730,569)
Financing activities:			
Proceeds from borrowings	7	15,375,196	5,760,295
Repayments of borrowings	7	(10,376,465)	(2,140,841)
Cash inflows from bonds issued	7	4,400,000	700,000
Payments of lease liabilities	7	(284,329)	(349,298)
Dividends paid		-	(1,384,556)
Cash inflows from derivative instruments (net)		127,910	(178,029)
Cash outflows from acquisition of treasury shares		-	(1,066,203)
Interest paid		(1,265,857)	(276,784)
Interest received		281,677	84,943
Other inflows (outflows) of cash		20,955	(13,705)
Cash flows from financing activities		8,279,087	1,135,822
Net increase/(decrease) in cash and cash equivalents before currency translation differences		4,237,634	(635,891)
Effect of currency translation differences		630,438	1,313,730
Net increase/(decrease) in cash and cash equivalents		4,868,072	677,839
Cash and cash equivalents on January 1	5	24,478,009	16,011,915
Cash and cash equivalents on March 31	5	29,346,081	16,689,754

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (“Arçelik” or “the Company”) and its subsidiaries (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates twenty-nine manufacturing plants in Turkey, Romania, Russia, Republic of South Africa, Thailand, Pakistan, China and Bangladesh. The Company is controlled by Koç Holding A.Ş., the parent company and the companies owned by Koç Family (Note 21).

The Company’s head office is located at: Karaağaç Caddesi No: 2-6 Söğütözü 34445 Beyoğlu İstanbul / Turkey. The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1986. As of March 31, 2023, the publicly listed shares are 25.15% of the total shares. (December 31, 2022: 25.15%) (Includes treasury shares of 10,19% as of March 31, 2023, and December 31, 2022).

The average number of personnel employed by categories in the Group in 2023 is 10,069 monthly paid (January 1 - March 31, 2022: 10,264) and 29,750 hourly paid (January 1 - March 31, 2022: 31,146) totaling to 39,819 (January 1 - March 31, 2022: 41,410).

Subsidiaries and branches	Country of incorporation	Core business	Nature of business
<i>Continuing operations as of balance sheet date:</i>			
Arçelik Pazarlama A.Ş. (“Pazarlama A.Ş.”)	Turkey	Service/Sales/Marketing	Consumer Durables/Electronics
Arch R&D Co. Ltd. (“Arch R&D”)	China	R&D	Developing technology and design
Ardutch B.V. (“Ardutch”)	Netherlands	Investment	Holding
Arcwaste Collection SRL (“Arcwaste”) ^(*)	Romania	Service	Service
Ardutch B.V. Taiwan (“Ardutch Taiwan”) ^(*)	Taiwan	Purchase	Consumer Durables/Electronics
Beko A and NZ Pty Ltd. (“Beko Australia”)	New Zealand	Sales	Consumer Durables
Beko A and NZ Pty Ltd. New Zealand Branch (“Beko New Zealand”) ^(*)	New Zealand	Sales	Consumer Durables
Beko Appliances Malaysia Sdn. Bhd. (“Beko Malaysia”)	Malaysia	Sales	Consumer Durables
Beko APAC IBC Co. (“Beko APAC”)	Thailand	Service	Service
Beko Balkans D.O.O (“Beko Balkans”)	Serbia	Sales	Consumer Durables/Electronics
Beko Central Asia LLC (“Beko Central Asia”)	Kazakhstan	Sales	Consumer Durables
Beko Egypt Trading LLC (“Beko Egypt”)	Egypt	Sales	Consumer Durables
Beko Electronics España S.L. (“Beko Espana”)	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. (“Beko France”)	France	Sales	Consumer Durables/Electronics
Beko Grundig Deutschland GmbH (“Beko Deutschland”)	Germany	Sales	Consumer Durables/Electronics
Beko Grundig Schweiz GmbH (Beko Switzerland)	Switzerland	Sales	Consumer Durables/Electronics
Beko Grundig Deutschland GmbH Croatia Branch (“Beko Croatia”)	Croatia	Sales	Consumer Durables/Electronics
Beko Gulf FZE (“Beko Gulf”)	United Arab Emirates	Sales	Consumer Durables/Electronics
Beko Home Appliances Portugal, Unipessoal LDA (“Beko Portugal”)	Portugal	Sales	Consumer Durables/Electronics
Beko Hong Kong Ltd. (“Beko Hong Kong”)	Hong Kong, China	Purchase	Consumer Durables/Electronics
Beko Israel Household Appliances Ltd. (“Beko Israel”)	Israel	Marketing	Consumer Durables
Beko Italy SRL (“Beko Italy”)	Italy	Sales	Consumer Durables/Electronics
Beko LLC. (“Beko Russia”)	Russia	Production/Sales	Consumer Durables
Beko Morocco Household Appliances SARL (“Beko Morocco”)	Morocco	Sales	Consumer Durables/Electronics
Beko Plc. (“Beko UK”)	England	Sales	Consumer Durables/Electronics
Beko Plc (“Beko Ireland”) ^(*)	Republic of Ireland	Sales	Consumer Durables/Electronics
Beko Pilipinas Corporation. (“Beko Philippines”)	Republic of the Philippines	Sales	Consumer Durables
Beko S.A. (“Beko Polska”)	Poland	Sales	Consumer Durables/Electronics
Beko S.A., org. sl. (“Beko Czech”)	Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. (“Beko Shanghai”)	China	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. (“Beko Slovakia”)	Slovakia	Sales	Consumer Durables/Electronics
Beko Thai Co. (“Beko Thailand”)	Thailand	Production/Sales	Consumer Durables
Beko Ukraine LLC. (“Beko Ukraine”)	Ukraine	Sales	Consumer Durables
Beko US INC. (“Beko US”)	United States of America	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. (“Beko China”)	China	Production/Sales	Consumer Durables
Dawlance (Private) Ltd. (“DPL”)	Pakistan	Production/Sales	Consumer Durables
Defy (Botswana) (Proprietary) Ltd. (“Defy Botswana”)	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Ltd. (“Defy Namibia”)	Namibia	Sales	Consumer Durables
Defy (Swaziland) (Proprietary) Ltd. (“Defy Swaziland”)	Swaziland	Sales	Consumer Durables
Defy Appliances (Proprietary) Ltd. (“Defy”)	Republic of the South Africa	Production/Sales	Consumer Durables
Defy Sales East Africa Limited (“Defy Kenya”)	Kenya	Sales	Consumer Durables
DEL Electronics (Pvt.) Ltd. (DEL)	Pakistan	Sales	Consumer Durables
Beko Grundig Österreich AG (“Beko Österreich”)	Austria	Sales	Consumer Durables/Electronics
Grundig Multimedia A.G. (“Grundig Switzerland”)	Switzerland	Sales	Electronics
Grundig Nordic AB. (“Grundig Sweden”)	Sweden	Sales	Consumer Durables/Electronics
Grundig Nordic AB Finland Branch of Nordic AB (“Grundig Finland”) ^(*)	Finland	Sales	Consumer Durables/Electronics
Grundig Nordic No AS (“Grundig Norway”)	Norway	Sales	Consumer Durables/Electronics
Grundig Nordic Denmark Branch of Grundig Nordic AS (“Grundig Denmark”) ^(*)	Denmark	Sales	Consumer Durables/Electronics
Pan Asia Private Equity Ltd. (“Pan Asia”)	British Virgin Islands	Investment	Holding
PT Home Appliances Indonesia	Indonesia	Sales	Consumer Durables
PT Beko Appliances Indonesia	Indonesia	Sales	Consumer Durables

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Continued)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

Subsidiaries and branches (continued)	Country of incorporation	Core business	Nature of business
Continuing operations as of balance sheet date:			
Retail Holdings Bhold B.V ("Retail Holdings")	Netherlands	Investment	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales	Consumer Durables/Electronics
Singer Bangladesh Limited ("Singer Bangladesh")	Bangladesh	Production/Sales	Consumer Durables/Electronics
United Refrigeration Industries Ltd. ("URIL")	Pakistan	Production/Sales	Consumer Durables
Vietbeko Limited Liability Company ("Vietbeko")	Vietnam	Sales	Consumer Durables
Arçelik Hitachi Home Appliances B.V.	Netherlands	Investment	Holding
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.	China	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances (Thailand) Ltd.	Thailand	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd.	Singapore	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd.	Thailand	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd.	Malaysia	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Middle East Fze	United Arab Emirates	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd.	Vietnam	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Hong Kong Limited	Hong Kong, China	Sales	Consumer Durables
Arçelik Hitachi Taiwan Home Appliances Sales Ltd.	Taiwan	Sales	Consumer Durables
PT. Arçelik Hitachi Home Appliances Sales Indonesia	Indonesia	Sales	Consumer Durables
Arçelik Hitachi Home Appliances IBC Co. Ltd.	Thailand	Service	Service
Beko Azerbaijan MMC ("Beko Azerbaijan")	Azerbaijan	Sales	Consumer Durables
Beko Grundig Croatia d.o.o ("Beko Grundig Croatia")	Croatia	Sales	Consumer Durables
Beko Hungary Kft ("Beko Hungary")	Hungary	Sales	Consumer Durables
Beko Egypt Home Appliances Industries LLC ("Beko Egypt LLC")	Egypt	Production/Sales	Consumer Durables/Electronics
Beko Grundig Hellas Single Member SA ("Beko Greece")	Greece	Sales	Consumer Durables
IHP Appliances Sales LLC	Russia	Sales	Consumer Durables/Electronics
IHP Appliances JSC	Russia	Production/Sales	Consumer Durables/Electronics
IHP Kazakhstan LLP	Kazakhstan	Sales	Consumer Durables/Electronics
Beko Algeria EURL ("Beko Algeria")	Algeria	Sales	Consumer Durables
Beko Belgium N.V. ("Beko Belgium") (1)	Belgium	Sales	Consumer Durables
Beko Netherlands B.V. ("Beko Netherlands") (1)	Netherlands	Sales	Consumer Durables
Beko Europe B.V. ("Beko Europe") (2)	Netherlands	Investment	Holding

(*) Branches of the Subsidiary, which operate in a different country, are separately presented.

- (1) The group has bought all the shares of Asogem N.V.(Belgium) and Asogem Nederland B.V.(Netherlands) on January 2, 2023. As a result of this transaction, the names of the companies will be changed to "Beko Belgium N.V." and "Beko Netherlands B.V. as of as of January 2, 2023. The registration procedures regarding the change of name and board of directors of both companies have been realized in the relevant country registries.
- (2) The company has been registered with-in the year 2023.

Ceased operations as of reporting date:	Country of incorporation	Core business	Nature of business
Beko Cesko ("Beko Cesko")	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H ("Grundig Austria")	Austria	-	-
Associates			
Koç Finansman A.Ş. ("Koç Finansman")	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Sales	Foreign Trade
Joint Ventures			
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. ("Arçelik-LG")	Turkey	Production/Sales	Consumer Durables
VoltBek Home Appliances Private Limited ("VoltBek")	India	Production/Sales	Consumer Durables

Approval of condensed consolidated financial statements

These condensed interim consolidated financial statements as of and for the period January 1, - March 31, 2023, has been approved for issue by the Board of Directors on April 19, 2023.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) and in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

The Group prepared its condensed consolidated interim financial statements for the period ended March 31, 2023 in accordance with TAS 34 “Interim Reporting” standard. Interim condensed consolidated financial statements do not include all the information required for the annual financial statements and therefore they should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards (“TFRS”) will apply TAS 29, “Financial Reporting in Hyperinflationary Economies” (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 31 December 2022. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies, Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

Foreign subsidiaries have prepared their statutory financial statements in accordance with the related local laws and regulations. Condensed interim consolidated financial statements have been prepared under the historical cost convention except for the derivative instruments financial assets presented at fair values and the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of March 31 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

a) *Standards, amendments, and interpretations applicable as of 31 March 2023:*

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

b) *Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023:*

Amendment to IAS 1 - Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 - Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The condensed consolidated financial statements are presented in TRY, which is the functional currency of Arçelik and the presentation currency of the Group.

Financial statements of subsidiaries operating in countries other than Turkey

The Financial statements of subsidiaries operating in countries other than Turkey are compiled by the TAS/IFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries’ assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are recognized in the “currency translation difference” under the use of equity.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of presentation (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, as of March 31, 2023 and December 31, 2022 (%) and their functional currencies:

	Functional currency	March 31, 2023		December 31, 2022	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Continuing operations as of balance sheet date:					
Arch R&D	Chinese Yuan	100	100	100	100
Arctic	Romanian Lei	96,72	96,72	96,72	96,72
Arcwaste	Romanian Lei	96,72	96,72	96,72	96,72
Ardutch	Euro	100	100	100	100
Ardutch Taiwan	Taiwanese Dollar	100	100	100	100
Beko APAC	Thai Baht	100	100	100	100
Beko Australia	Australian Dollar	100	100	100	100
Beko New Zealand	New Zealand Dollar	100	100	100	100
Beko Balkans	Serbian Dinar	100	100	100	100
Beko China	Chinese Yuan	100	100	100	100
Beko Central Asia	Kazakhstan Tenge	100	100	100	100
Beko Grundig Deutschland	Euro	100	100	100	100
Beko Croatia	Croatian Kuna	100	100	100	100
Beko Egypt	Egyptian Lira	100	100	100	100
Beko Espana	Euro	100	100	100	100
Beko France	Euro	100	100	100	100
Beko Gulf	Dirham	100	100	100	100
Beko Portugal	Euro	100	100	100	100
Beko Hong Kong	US Dollar	100	100	100	100
Beko Israel	New Israeli Shekel	100	100	100	100
Beko Italy	Euro	100	100	100	100
Beko Malaysia	Malaysian Ringgit	100	100	100	100
Beko Morocco	Moroccan Dirham	100	100	100	100
Beko Polska	Polish Zloty	100	100	100	100
Beko Czech	Czech Koruna	100	100	100	100
Beko Philippines	Philippine Peso	100	100	100	100
Beko Russia	Russian Ruble	100	100	100	100
Beko Shanghai	Chinese Yuan	100	100	100	100
Beko Slovakia	Euro	100	100	100	100
Beko Grundig Schweiz	Swiss Franc	100	100	100	100
Beko Thailand	Thai Baht	100	100	100	100
Beko UK	British Pound	100	100	100	100
Beko Ireland	Euro	100	100	100	100
Beko Ukraine	Ukrainian Hryvna	100	100	100	100
Beko US	US Dollar	100	100	100	100
Dawlance (Private)	Pakistani Rupee	100	100	100	100
Defy	South Africa Rand	100	100	100	100
Defy Botswana	Botswana Pula	100	100	100	100
Defy Namibia	Namibian Dollar	100	100	100	100
Defy Swaziland	Svazi Lilangeni	100	100	100	100
Defy Kenya	Kenyan Shilling	100	100	100	100
DEL Electronics	Pakistani Rupee	100	100	100	100
Beko Österreich	Euro	100	100	100	100
Grundig Norway	Norwegian Krone	100	100	100	100
Grundig Denmark	Danish Krone	100	100	100	100
Grundig Sweden	Swedish Krona	100	100	100	100
Grundig Finland	Euro	100	100	100	100
Grundig Switzerland	Swiss Franc	100	100	100	100
Pan Asia	US Dollar	100	100	100	100
Pazarlama A.Ş.	Turkish Lira	100	100	100	100
PT Home Appliances Indonesia	Indonesian Rupiah	67	67	67	67
PT Beko Appliances Indonesia	Indonesian Rupiah	100	100	100	100
Retail Holdings	Euro	100	100	100	100
Singer Bangladesh	Bangladeshi Taka	56,99	56,99	56,99	56,99
United Refrigeration Industries	Pakistani Rupee	100	100	100	100
Vietbeko	Vietnamese Dong	100	100	100	100
Arçelik Hitachi	Euro	60	60	60	60
Arçelik Hitachi Shangai	Chinese Yuan	57	57	57	57
Arçelik Hitachi Thailand	Thai Baht	50,4	50,4	50,4	50,4
Arçelik Hitachi Singapore	Singapore Dollar	60	60	60	60

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2 NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Continuing operations as of balance sheet date: (Continued)	Functional currency	March 31, 2023		December 31, 2022	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Arçelik Hitachi Sales Thailand	Thai Baht	60	60	60	60
Arçelik Hitachi Malaysia	Malaysian Ringgit	60	60	60	60
Arçelik Hitachi Dubai	Dirham	60	60	60	60
Arçelik Hitachi Vietnam	Vietnamese Dong	60	60	60	60
Arçelik Hitachi Hong Kong	Hong Kong Dollar	60	60	60	60
Arçelik Hitachi Taiwan	Taiwanese Dollar	60	60	60	60
Arçelik Hitachi Indonesia	Indonesian Rupiah	40,5	40,5	40,5	40,5
Arçelik Hitachi Thailand IBC	Thai Baht	60	60	60	60
Beko Azerbaijan	Azerbaijan Manat	100	100	100	100
Beko Grundig Croatia	Croatia Kuna	100	100	100	100
Beko Hungary	Hungarian Forint	100	100	100	100
Beko Egypt LLC	Egyptian Lira	100	100	100	100
Beko Greece	Euro	100	100	100	100
IHP Appliances Sales LLC	Russian Ruble	100	100	100	100
IHP Appliances JSC	Russian Ruble	100	100	100	100
IHP Kazakhstan LLP	Kazakhstan Tenge	100	100	100	100
Beko Algeria	Algerian Dinar	100	100	100	100
Beko Belgium(1)	Euro	100	100	--	--
Beko Netherlands(1)	Euro	100	100	--	--
Beko Europe(2)	Euro	100	100	--	--
		March 31, 2023		December 31, 2022	
Ceased operations as of balance sheet date:					
Beko Cesko	-	100	100	100	100
Grundig Austria	-	100	100	100	100

- (1) The group has bought all the shares of Asogem N.V.(Belgium) and Asogem Nederland B.V.(Netherlands) on January 2, 2023. As a result of this transaction, the names of the companies will be changed to “Beko Belgium N.V.” and “Beko Netherlands B.V.” as of as of January 2, 2023. The registration procedures regarding the change of name and board of directors of both companies have been realized in the relevant country registries.
- (2) The company has been registered with-in the year 2023.

Going concern

The Group prepared condensed consolidated interim financial statements in accordance with the going concern assumption.

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of presentation (Continued)

Comparatives and restatement of prior periods’ financial statements

The condensed interim consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

Group has applied consistent accounting policies in the preparation of consolidated financial statements presented and the Group does not have any significant changes in accounting policy and accounting estimates in the current period.

2.2 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.3 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the period ended March 31, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended March 31, 2023 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2022. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

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NOTE 3 - BUSINESS COMBINATION

- i) Group has acquired entire issued share capitals of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands) on January 2, 2023. Share transfer agreement was signed on October 17, 2022 regarding the acquisitions of the companies which operate as the distributor of Arçelik's Beko and Grundig branded products in the Benelux region for more than 25 years, the closing transactions of the share purchase agreement were completed as of January 2, 2023.

Transaction value has been calculated as EUR 61,7 million including on a cash-free and debt-free basis for 100% of shares. Payments regarding to this acquisition were made on January 2, 2023 and March 24, 2023 as EUR 57,4 million and EUR 4,3 million respectively. As a result of this transaction, the titles of the companies have been changed as Beko Belgium N.V. and Beko Netherlands B.V. as of January 2, 2023. Registration procedures regarding the change of name of the companies and board of directors of both companies have been completed in the relevant country registries.

As a result of these acquisitions of Beko Belgium N.V. and Beko Netherlands B.V., the Group aims to have continuing growth in its operations in the Benelux region.

	January 2 2023
Cash and cash equivalents	403,460
Trade receivables	233,460
Inventories	341,543
Other current asset	3,892
Property, plant and equipment (Note 13)	45,104
Intangible Assets (Note 14)	878
Trade and other payables	(279,273)
Other liabilities	(94,199)
Total value of identifiable net assets (100%) (provisional)	654,865
Goodwill (provisional)	578,815
Total consideration	1,233,680

After the acquisition date, total sales of Beko Belgium N.V. and Beko Netherlands B.V was amounting to TRY 190,904 in consolidated profit or loss statement while its contribution to net profit was TRY 3,681 As of March 31, 2023, the total amount of acquisition costs, accounted in the consolidated profit or loss statement, which is included in the general and administrative expenses, is TRY 296.

The details of cash outflow due to acquisition are as follows:

Total consideration in cash	1,233,680
Cash and cash equivalents - acquired	(403,460)
Cash outflow due to acquisition of subsidiary (net)	830,220

- ii) A Share Purchase Agreement ("the Agreement") was signed by Arçelik A.Ş. with Whirlpool EMEA S.p.A for the purchase of the entire issued share capital of IHP Appliances JSC and IHP Appliances Sales LLC, which operate in Russia, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Armenia, Georgia, Azerbaijan, Kazakhstan, Belarus, Mongolia ("Relevant Countries") and transactions are completed as of August 31, 2022. As of closing date, all shares of IHP Appliances JSC and IHP Appliances Sales LLC will be directly owned, and their wholly owned subsidiary IHP Kazakhstan LLP's shares will be indirectly owned, by Arçelik. The acquired companies own facilities in Lipetsk with a total capacity of 2.8 million units, where refrigerators and laundry products are produced, and have approximately 2,500 employees.

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NOTE 3 - BUSINESS COMBINATION (Continued)

The purchase price shall not exceed the upper limit determined based on the fixed assets and net working capital within the closing financial statements of the acquired companies. This upper limit has been set and finalized as EUR 261.4 million based on the balance sheets of the acquired companies as of August 31, 2022 which were prepared in accordance with IFRS.

The amount of the acquisition cost for each year will be calculated and paid annually over a period of ten years. Annual calculations will be based on performance and deduction of defined liabilities and subject to regulatory authorization or confirmation accrued and paid as the acquisition cost based on the availability of distributable reserves, and the legal restrictions, if any, existing at the time the payment is due. In the event that as of the tenth year there remains any calculated amounts that have not yet been accrued and paid as the conditions have not been fulfilled. The remainder will be accrued and paid should the conditions be fulfilled over the next 5 years.

The valuation process of the balance sheets as of August 31, 2022 regarding the acquisition are continuing. As of March 31, 2023 the acquisition has been provisionally accounted for in the consolidated financial statements under the rules of TFRS 3 "Business Combinations", within the scope of TFRS 3, differences that occur due to the actual results of the valuation studies will be reflected in the consolidated financial statements of the next period.

In addition to "Stinol" brand which will be transferred with the acquired companies, "Indesit" and "Hotpoint" brands in the Relevant Countries has been granted to Arçelik and acquired companies for 20 years with the option to extend up to a total of 40 years, by extending in every 10 years.

The fair values of the assets and liabilities for which the purchase price is acquired, within the scope of IFRS 3, are summarized in the table below:

	<u>31 August 2022</u>
Cash and cash equivalents	1,353,744
Trade receivables	690,861
Inventories	1,288,287
Other current asset	135,213
Property, plant and equipment	1,683,797
Deferred tax assets/(liabilities), net	117,929
Trade and other payables	(460,160)
Other liabilities	(324,977)
Total value of identifiable net assets (100%) (provisional)	4,484,694
Goodwill	(1,462,217)
Total contingent consideration and deferred purchase price (provisional) (*)	3,022,477

(*) As of December 31, 2022, contingent consideration is presented at it's fair value in the consolidated financial statements (Note 20). In this context, the change effect in the fair value of contingent consideration is recognized in the Group's consolidated financial statements (Note 30).

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NOTE 4 - SEGMENT REPORTING

The reportable segments of Arçelik have been organized by management into white goods and consumer electronics. White goods reportable segment comprises washing machines, dryers, dish washers, refrigerators, ovens, cookers and the services provided for these products. The consumer goods reportable segment comprises televisions primarily with flat screens, computers, cash registers, other electronic devices and the services provided to consumers for these products. Other segment comprises the revenues from air conditioners, home appliances and furniture and kitchen gadgets except products included in white goods and consumer electronics.

Arçelik’s reportable segments are strategic business units that present various products and services. Each of these segments is administrated separately due to the necessity of different technologies and marketing strategies.

Gross profitability is evaluated regarding the performance of the operational segments. Information about the operational segments is as follows:

- a) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2023 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales (*)	30,784,640	2,955,935	6,150,802	39,891,377
Gross profit	9,928,476	591,825	1,895,716	12,416,017
Depreciation and amortization	933,945	37,865	36,395	1,008,205
Capital expenditures	1,473,117	113,995	39,391	1,626,503

- (*) The Group recognised net sales amounting to TRY 39,887,120 with respect to the performance obligations satisfied at a point in time for the year ended March 31, 2023 (2022: TRY 28,158,168).

- b) Operational segments which have been prepared in accordance with the reportable segments for the three months period ended March 31, 2022 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales	22,184,889	1,822,330	4,157,176	28,164,395
Gross profit	6,869,114	466,529	1,350,974	8,686,617
Depreciation and amortization	562,453	68,761	86,171	717,385
Capital expenditures	705,377	75,040	48,700	829,117

- c) Sales revenue grouped geographically based on the location of the customers for the three months period ended March 31 are shown as below:

January 1 - March 31, 2023	Turkey	Europe	Asia Pacific	Africa	Other	Total
Total segment revenue	15,023,915	15,131,829	5,746,675	1,863,225	2,125,733	39,891,377
January 1 - March 31, 2022	Turkey	Europe	Asia Pacific	Africa	Other	Total
Total segment revenue	8,378,846	10,725,262	5,438,407	1,497,843	2,124,037	28,164,395

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NOTE 5 - CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022
Cash in hand	6,529	2,714
Cash at banks		
- demand deposits	5,763,678	5,260,444
- time deposits	22,730,498	18,595,834
Cheques and notes	161,770	195,899
Other	683,606	423,118
Cash and cash equivalents in cash flow statement	29,346,081	24,478,009
Interest income accruals	1,383	51,210
	29,347,464	24,529,219
As of March 31,2023, the maturity of cash and cash equivalents are as follows:		
Up to 30 days	29,056,620	24,307,628
30-90 days	290,844	221,591
	29,347,464	24,529,219

NOTE 6 - FINANCIAL INVESTMENTS

Fair value gain/ losses of financial assets reflected to other comprehensive income

	March 31, 2023	December 31, 2022
Fair value gain/losses of financial assets reflected to other comprehensive income	32,307	38,956
Total	32,307	38,956
	March 31, 2023	December 31, 2022
Tat Gıda Sanayi A.Ş,	9,811	16,739
500 Startups Istanbul Fund II Cooperatif	6,687	6,687
E&E Recycling, INC	5,989	5,823
Hoxton Ventures III	5,962	5,962
Thai Refrigeration Components Co., Ltd,	2,938	2,844
Other	920	901
	32,307	38,956

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

The details of financial investments that fair value gain/ losses reflected to other comprehensive income for the three months period ended March 31, are as follows:

	2023	2022
As of January 1	38,956	10,531
Change in fair value	(6,926)	(19)
Currency translation differences	277	533
As of March 31	32,307	11,045

NOTE 7 - BORROWINGS

a) Short-term borrowings

	March 31, 2023	December 31, 2022
Short-term bank borrowings	23,032,154	15,051,698
Short-term bills issued (***)	4,550,543	2,772,192
SFA liabilities (**)	1,479,895	-
Short-term lease liabilities	728,761	599,646
Payables from factoring activities (*)	542,188	557,801
Total short-term borrowings	30,333,541	18,981,337
Short-term portion of long-term bank borrowings and interest accruals	2,763,428	3,586,159
Short term portion of long-term bond issued and interest accruals (***)	11,033,096	12,661,854
Total short-term portion of long-term borrowings	13,796,524	16,248,013

(*) Factoring liabilities are amounting to TRY 293,052 denominated in EUR (December 31, 2022: TRY 394,636), TRY 168,868 denominated in GBP (December 31, 2022: TRY 160,584) and TRY 74,043 denominated in PLN (December 31, 2022: None) and TRY 6,225 denominated in CHF(December 31,2022:None) interest rates are between 3.99% for EUR (December 31, 2022: 2.81%), 5.85% for GBP (December 31, 2022: 5,28 %) and 7.89% for PLN (December 31, 2022: None) and 2.6% for CHF (December 31, 2022: None). As of 31 March 2023, there are no factoring liabilities in Ruble. (As of 31 December 2022, factoring debts in rubles are amounting to TRY 2,581 and the interest rate is 13.92%.)

(**) Includes financial liabilities arising from the use of the Supplier Finance Arrangements.

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NOTE 7 - BORROWINGS (Continued)

(*)Financial bills and bonds issued:**

2023:

The Company issued financial bill amounting to TRY 3 billion quoted in Borsa Istanbul with fixed interest rate single coupon payment on February 7 2023, Maturity of the bond is August 3, 2023 and coupon rate is 26%.

The Company issued financial bill amounting to TRY 1.4 billion quoted in Borsa Istanbul with fixed interest rate single coupon payment on February 24 2023, Maturity of the bond is August 22, 2023 and coupon rate is 27%.

2022:

The Company issued bond amounting to TRY 650 million quoted in Borsa Istanbul with quarterly interest payment on April 13, 2022, Maturity of the bond is April 5, 2024 and coupon rate is GDDS+130,

The Company issued bond amounting to TRY 400 million quoted in Borsa Istanbul with fixed interest rate single coupon payment on June 29, 2022, Maturity of the bond is July 14, 2023 and coupon rate is 33,5%.

The Company issued bond amounting to TRY 175 million quoted in Borsa Istanbul with fixed interest rate single coupon payment on July 27, 2022, Maturity of the bond is August 1, 2023 and coupon rate is 34,5%.

2021:

The Company issued bond amounting to TRY 300 million quoted in Borsa Istanbul with quarterly interest payment on April 29, 2021, Maturity of the bond is April 27, 2023 and coupon rate is TRYREF+130.

The company issued green bond amounting to EUR 350 million, quoted in Ireland Stock Exchange with annual interest payment on May 25, 2021, Maturity of the bond is May 27, 2026 and coupon rate is 3%, The Group has a commitment to finance its projects within the scope of the Green Financing Framework, which it has created based on its sustainability strategy, with the funds obtained from the green bond issuance.

2013:

The Company issued bond amounting to USD 500 million, quoted in Ireland Stock Exchange, with re-offer yield 5.125% and semi-annual interest payment on April 3, 2013. Maturity of the bond is April 3, 2023 and coupon rate is 5%.

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NOTE 7 - BORROWINGS (Continued)

As of March 31, 2023, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum	Original currency	TRY equivalent
EUR	4,5	683,608,558	14,220,493
USD	6,7	119,373,912	2,285,533
TRY	25,3	1,669,193,986	1,669,194
PKR	20,4	21,509,821,024	1,447,398
BDT	7,5	7,110,132,483	1,270,439
RON	7,4	144,857,996	605,477
AUD	5,3	29,015,372	371,530
PLN	7,9	56,444,028	251,390
THB	4,9	369,770,497	206,950
ZAR	9,3	194,525,636	206,683
SEK	4,0	97,722,496	178,969
MYR	6,0	32,472,311	140,706
IDR	8,4	92,736,800,000	117,776
NOK	4,1	32,561,153	59,616
			23,032,154

As of December 31, 2022, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum	Original Currency	TRY Equivalent
EUR	1,9	248,101,405	4,945,877
USD	7,6	53,958,144	1,008,926
TRY	24,6	3,175,829,104	3,175,829
PKR	15,9	25,765,554,639	2,113,291
BDT	7,0	5,901,248,081	1,070,722
RON	7,1	141,366,026	566,341
AUD	3,3	28,653,869	362,959
PLN	7,8	137,817,324	587,667
THB	4,4	185,479,029	100,485
ZAR	5,8	593,432,601	655,802
SEK	3,4	95,095,746	169,622
MYR	6,0	31,969,892	135,827
IDR	8,4	90,872,000,000	109,047
NOK	3,9	26,085,996	49,303
			15,051,698

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NOTE 7 - BORROWINGS (Continued)

b) Long-term borrowings

	March 31, 2023	December 31, 2022
Long-term bonds issued	7,926,545	7,622,685
Long-term bank borrowings	7,995,745	6,893,106
Long-term lease liabilities	1,824,417	1,694,002
	17,746,707	16,209,793

As of March 31, 2023, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY equivalent
TRY	18,2	2,524,583,752	2,524,584
EUR	2,9	324,162,296	6,743,257
ZAR	9,4	900,000,000	956,250
PKR	17,2	7,951,882,285	535,082
			10,759,173
Short-term portion of long-term loans and interest accruals			(2,763,428)
			7,995,745

As of December 31, 2022, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent
TRY	18,2	2,490,034,647	2,490,035
EUR	2,9	323,919,728	6,457,307
ZAR	7,2	500,000,000	552,550
PKR	16,3	11,940,656,909	979,373
			10,479,265
Short-term portion of long-term loans and interest accruals			(3,586,159)
			6,893,106

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NOTE 7 - BORROWINGS (Continued)

As of March 31, 2023, detail of discounted amounts of bonds issued and financial bills is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	5,0	512,361,111	9,809,666
EUR	3,0	358,687,613	7,461,456
TRY	26,6	1,688,518,517	1,688,519
			18,959,641
Interest accruals of bonds issued			(585,095)
			18,374,546

As of December 31, 2022, detail of discounted amounts of bonds issued and financial bills is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	5,0	506,092,769	9,462,454
EUR	3,0	356,072,767	7,098,275
TRY	22,6	3,723,809,706	3,723,810
			20,284,539
Interest accruals of bonds issued			(149,663)
			20,134,876

The payment schedule of the principal amounts of long-term bank borrowings and bonds is as follows:

	March 31, 2023	December 31, 2022
2024	1,462,216	1,433,131
2025	1,039,148	1,000,603
2026	9,455,471	8,150,886
2027 to 2030	3,969,645	3,935,701
	15,926,480	14,520,321

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NOTE 7 - BORROWINGS (Continued)

The analysis of borrowings, bonds issued and financial bills in terms of periods remaining to contractual re-pricing dates is as follows:

	March 31, 2023	December 31, 2022
Up to 3 months	24,599,309	17,157,568
3 - 12 months	19,774,293	16,253,502
1-5 years	10,102,112	10,784,358
Over 5 years	1,431,312	3,028,998
	55,907,026	47,224,426

As of March 31, 2023, and March 31, 2022, financial debt reconciliation is as follows:

2023	Lease Liabilities	Borrowings and bonds issued due within 1 year	Borrowings and bonds issued due after 1 year	Total
Financial debt as of January 1	(2,293,648)	(34,629,704)	(14,515,791)	(51,439,143)
Cash flows	284,329	(8,442,481)	(956,250)	(9,114,402)
Changes in interest accruals	(53,811)	(19,847)	-	(73,658)
Changes in factoring liabilities	-	15,613	-	15,613
Changes in lease liabilities	(444,573)	-	-	(444,573)
Currency translation adjustments	(45,475)	(324,885)	(450,249)	(820,609)
Financial debt as of March 31	(2,553,178)	(43,401,304)	(15,922,290)	(61,876,772)

2022	Lease Liabilities	Borrowings and bonds issued due within 1 year	Borrowings and bonds issued due after 1 year	Total
Financial debt as of January 1	(1,434,622)	(12,713,842)	(18,431,035)	(32,579,499)
Cash flows	349,298	(4,941,652)	622,198	(3,970,156)
Transfers	-	67,291	(67,291)	-
Changes in interest accruals	(28,721)	(436,763)	-	(465,484)
Changes in factoring liabilities	-	(35,600)	-	(35,600)
Changes in lease liabilities	(350,770)	-	-	(350,770)
Currency translation adjustments	(198,816)	(823,990)	(826,734)	(1,849,540)
Financial debt as of March 31	(1,663,631)	(18,884,556)	(18,702,862)	(39,251,049)

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NOTE 8 - DERIVATIVE INSTRUMENTS

Valuation of outstanding derivative instruments which were transacted by the Group for foreign exchange risk management purposes are made through marketing to market value at the date of valuation and the fair value of these instruments are disclosed as asset or liability in the statement of financial position.

	March 31, 2023		December 31, 2022	
	Contract amount	Fair value assets /(liabilities)	Contract amount	Fair value assets /(liabilities)
<i>Short-term derivative instruments</i>				
<i>Held for trading:</i>				
Foreign currency forward transactions	19,052,731	29,639 (57,148)	20,491,796	172,151 (114,980)
Foreign currency swap contracts	25,647,102	29,798 (31,766)	14,688,303	59,892 (56,467)
<i>Cash flow hedge:</i>				
Interest rate swap contracts (*)	300,000	- (2,291)	300,000	- (8,245)
Short-term derivative instruments	59,437	(91,205)	232,043	(179,692)

(*) As of March 31, 2023 and December 31, 2022, interest rate swap transactions realized for the exchange of floating rate instalment payments of short term bond (December 21, 2022: short term) issued amounting to TRY 300 million on 29 April 2021 and maturity of the bond is April 27 2023, with a fixed rate instalment payment for the purpose of cash flow hedge.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

	March 31, 2023	December 31, 2022
Short-term trade receivables:		
Trade receivables	38,665,131	32,986,043
Notes receivables	1,882,491	1,389,566
Cheques receivables	296,420	783,425
Short-term trade receivables (gross)	40,844,042	35,159,034
Provision for expected credit loss	(755,292)	(762,106)
Unearned credit finance expense	(983,654)	(624,271)
Short-term trade receivables (net)	39,105,096	33,772,657

As of March 31, 2023, the Group has offsetted TRY 5,118,241 (December 31, 2022: TRY 5,767,413) from trade receivables that are collected from the factoring companies as part of the irrevocable factoring transactions.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 730,952 related with its local bank borrowings (December 31, 2022: TRY 610,114).

The movements of provision for expected credit loss for the three months period ended March 31, are as follows:

	2023	2022
As of January 1	762,106	439,696
Current year additions (Note 22)	22,774	4,579
Provisions no longer required (Note 22)	(4,764)	(8,216)
Acquisitions	2,305	-
Write-offs (*)	(12,550)	(12,271)
Currency translation differences	(14,579)	41,470
As of March 31	755,292	465,258

(*) Doubtful receivables, for which no possibility of collection is foreseen, and no further cash inflow are expected, are written off from the records along with the related provisions.

	March 31, 2023	December 31, 2022
Long-term trade receivables		
Trade receivables	81,198	84,222
Unearned credit finance expense	(38,752)	(41,835)
	42,446	42,387

	March 31, 2023	December 31, 2022
Short-term trade payables:		
Trade payables	28,924,241	26,170,813
Debt accruals	2,524,959	2,404,508
Unearned credit finance charges	(510,180)	(390,196)
	30,939,020	28,185,125

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NOTE 10 - OTHER PAYABLES

	March 31, 2023	December 31, 2022
Dividend payables to shareholders(*)	1,616,528	-
Taxes and duties payable	1,507,405	1,449,508
Deposits and guarantees received	28,081	25,181
Other	145,113	281,611
	3,297,127	1,756,300

(*) Consists of the net amount of TRY 1.8 billion dividend to be paid (excluding treasury shares effect) on September 25, 2023, which had been decided on the ordinary general meeting dated March 16, 2023.

NOTE 11 - INVENTORIES

	March 31, 2023	December 31, 2022
Raw materials and supplies	12,609,412	12,096,526
Work in progress	976,930	924,981
Finished goods	11,939,890	12,024,259
Trade goods	5,624,789	4,547,686
Inventories (gross)	31,151,021	29,593,452
Provision for impairment on inventories	(354,058)	(356,332)
Inventories (net)	30,796,963	29,237,120

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 437,270 related with its local bank borrowings (December 31, 2022: TRY 459,107).

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NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		March 31, 2023		December 31, 2022
	(%)	TL	%	TRY
VoltBek	49,0	442,692	49,0	501,405
Koç Finansman	47,0	375,049	47,0	332,171
Arçelik - LG	45,0	294,969	45,0	278,335
Ram Dış Ticaret	33,5	24,286	33,5	36,542
		1,136,996		1,148,453

The movements of investment accounted for using the equity method for the three months period ended March 31, are as follows:

	2023	2022
As of January 1	1,148,453	855,409
Associate capital share contribution	-	26,725
Shares of income/loss of associates	(9,680)	(8,748)
Shares of other comprehensive income/loss of associates	(1,611)	(857)
Gross profit elimination on inventory	1,954	4,149
Dividends received	(16,750)	(55,375)
Currency translation difference	14,630	14,500
As of March 31	1,136,996	835,803

Shares of income/loss from the investment accounted for using the equity method:

	2023	2022
Koç Finansman	42,475	20,348
Arçelik - LG	16,694	13,709
Ram Dış Ticaret	4,495	5,144
VoltBek	(73,344)	(47,949)
	(9,680)	(8,748)

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NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Aggregated summary figures of the financial statements of investment accounted for using the equity method:

March 31, 2023	Koç Finansman	Ram Dış Ticaret	Voltbek	Arçelik LG	Total
Total assets	10,639,129	4,259,480	2,738,054	4,166,936	21,803,599
Total liabilities	9,841,152	4,186,985	1,834,600	3,511,449	19,374,186
Net sales	643,708	1,967,491	767,865	1,683,131	5,062,195
December 31, 2022	Koç Finansman	Ram Dış Ticaret	Voltbek	Arçelik LG	Total
Total assets	8,667,003	3,855,313	3,284,758	2,548,757	18,355,831
Total liabilities	7,960,257	3,746,232	2,261,483	1,930,223	15,898,195
Net sales	1,555,403	11,368,960	2,143,215	4,757,129	19,824,707

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	2023	2022
As of January 1		
Cost	36,957,557	23,951,628
Accumulated depreciation	(16,135,221)	(10,826,292)
Net carrying value	20,822,336	13,125,336
Net carrying value at the beginning of the period	20,822,336	13,125,336
Additions	1,672,507	764,704
Acquisitions (Note 3)	45,104	-
Disposals	(103,451)	(76,587)
Transfers	(55)	(23,576)
Currency translation differences	(156,824)	1,139,886
Depreciation for the period	(794,901)	(551,921)
Net carrying value at the end of the period	21,484,716	14,377,842
As of March 31		
Cost	38,563,409	26,887,249
Accumulated depreciation	(17,078,693)	(12,509,407)
Net carrying value	21,484,716	14,377,842

As of March 31, 2023, the net book value of the right of use assets classified under tangible assets is TRY 2,721,965 (March 31, 2022: TRY 1,648,038).

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Additions to rights-to-use assets for the three months period ended March 31, 2023 TRY 499,460 (March 31, 2022: TRY 232,634), depreciation expenses are TRY 240,166 (March 31, 2022: TRY 150,269).

There is no mortgage on property, plant and equipment as of March 31, 2023 (December 31, 2022: None).

NOTE 14 - OTHER INTANGIBLE ASSETS

	2023	2022
As of January 1		
Cost	12,869,803	8,730,660
Accumulated amortization	(3,114,717)	(2,157,345)
Net carrying value	9,755,086	6,573,315
Net carrying value at the beginning of the period	9,755,086	6,573,315
Additions	453,456	297,047
Acquisitions (Note 3)	878	-
Transfers	55	23,576
Disposals	(9,000)	(8,150)
Currency translation differences	(182,351)	1,482,549
Amortization for the period	(213,333)	(165,464)
Net carrying value at the end of the period	9,804,791	8,202,873
As of March 31		
Cost	13,121,193	10,620,158
Accumulated amortization	(3,316,402)	(2,417,285)
Net carrying value	9,804,791	8,202,873

As of March 31, 2023, total amount of capitalized borrowing cost is TRY 706 (March 31, 2022: TRY 2,418).

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NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of March 31, 2023, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 1,030,128,708 (December 31, 2022: USD 655,710,199), In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

	March 31, 2023	December 31, 2022
Collaterals obtained	17,477,902	16,175,300

Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position of the Group as of March 31, 2023 and December 31, 2022 are as follows:

CPMB’s given by the Company	March 31, 2023	December 31, 2022
A, CPMB’s given for Company’s own legal personality	4,891,661	2,337,719
B, CPMB’s given on behalf of fully consolidated companies	5,226,391	5,511,706
C, CPMB’s given on behalf of third parties for ordinary course of business	-	-
D, Total amount of other CPMB’s	-	-
i) Total amount of CPMB’s given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB’s given on behalf of third parties which are not in scope of C	-	-
Total	10,118,052	7,849,425

TRY equivalents of CPMB given as of March 31, 2023 and December 31, 2022 are as follows on original currency basis are as follows:

CPMB's given by the Company	March 31, 2023	December 31, 2022
TRY	493,229	440,682
EUR	2,050,681	1,995,553
USD	4,958,581	2,510,289
Other currencies	2,615,561	2,902,901
	10,118,052	7,849,425

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NOTE 16 - OTHER PROVISIONS

	March 31, 2023	December 31, 2022
Other short-term provisions		
Warranty provision	1,646,820	1,662,727
Provision for transportation cost	1,129,985	643,145
Assembly provision	834,022	671,102
Provision for lawsuit risks	58,239	46,609
Other	921,284	843,614
	4,590,350	3,867,197
	March 31, 2023	December 31, 2022
Other long-term provisions		
Warranty provision	700,377	569,278
Other	2,065	2,039
	702,442	571,317

NOTE 17 - PREPAID EXPENSES

	March 31, 2023	December 31, 2022
Short-term prepaid expenses		
Prepaid expenses for following months	826,916	742,266
Advances given for inventories	482,326	405,207
	1,309,242	1,147,473
	March 31, 2023	December 31, 2022
Long-term prepaid expenses		
Advances given for property, plant and equipment	1,135,002	612,155
	1,135,002	612,155

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NOTE 18 - CURRENT INCOME TAX ASSETS

	March 31, 2023	December 31, 2022
Prepaid taxes and funds	538,358	709,474
	538,358	709,474

NOTE 19 - EMPLOYEE BENEFIT OBLIGATIONS

	March 31, 2023	December 31, 2022
Payables to personnel	1,495,649	1,068,051
Social security payables	397,795	277,592
Accruals for bonuses and premiums	159,549	292,678
	2,052,993	1,638,321

NOTE 20 - OTHER ASSETS AND LIABILITIES

	March 31, 2023	December 31, 2022
Other current assets:		
Value added tax and private consumption tax receivable	798,239	829,042
Taxes and funds deductible	320,676	410,000
Deposits and guarantees given	193,098	168,920
Income accruals	122,776	219,618
Other	518,421	310,351
	1,953,210	1,937,931
Other current liabilities:		
Accruals for customer premiums	4,508,971	4,414,675
Advances received	642,561	796,078
Value added tax and private consumption tax payable	416,891	250,268
Deferred income	127,699	148,288
Other	85,605	101,472
	5,781,727	5,710,781

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NOTE 20 - OTHER ASSETS AND LIABILITIES (Continued)

	March 31, 2023	December 31, 2022
Other long-term liabilities:		
Liabilities related to acquisitions (*)	2,681,968	2,737,067
Deferred income	1,428,441	1,338,749
Other	62,657	256,935
	4,173,066	4,332,751

(*) The fair value of the provisional contingent consideration as of March 31, 2023 (December 31, 2022 TRY 2,737,067) which have been determined based on August 31, 2022 dated closing financial statements of IHP Appliances JSC and IHP Appliances Sales LLC,

NOTE 21 - EQUITY

Paid-in capital

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of kurus 1, Registered and issued share capital of the Company is as follows:

	March 31, 2023	December 31, 2022
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of bonus shares to existing shareholders.

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NOTE 21 - EQUITY (Continued)

The shareholding structure of the Company is as follows:

	March 31, 2023		December 31, 2022	
	Share (%)	Amount	Share (%)	Amount
Shareholders				
Koç Holding A.Ş,	41,43	279,929	40,56	274,070
Temel Ticaret ve Yatırım A.Ş,	2,75	18,577	2,75	18,577
Koç Family Members	8,67	58,590	8,67	58,590
Total Koç Family members and companies owned by Koç Family members	52,85	357,096	51,98	351,237
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş,	12,05	81,428	12,05	81,428
Burla Ticaret ve Yatırım A.Ş,	5,56	37,572	5,56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfi	4,27	28,863	5,14	34,722
Vehbi Koç Vakfi	0,12	809	0,12	809
Treasury Shares (*)	10,19	68,876	10,19	68,876
Other	14,96	101,084	14,96	101,084
Paid-in capital	100,00	675,728	100,00	675,728
Adjustment to share capital (**)		468,811		468,811
Total share capital		1,144,539		1,144,539

(*) The amount is related to the shares that buyback and are publicly listed by the Company as of March 31, 2023.

(**) “Adjustment to share capital” represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the TAS/TFRS promulgated by the POA, “Adjustment to share capital” has no use other than being transferred to paid-in share capital.

All shareholders of the Company have equal rights and there are no preference shares outstanding.

Treasury Shares

Pursuant to the decision of the Board of Directors of the Company on July 1, 2021, treasury share procedures have been initiated and pursuant to the decision of the Board of Directors of the Company on May 24, 2022 for Company to continue to the share buyback program, Within the scope of the decision, the shares with a nominal value of TRY 68,876, corresponding to 10,19% of the Company’s capital, has been bought back at the amount of TRY 3,098,160 including transaction costs as of March 31, 2023 (31 December 2022: TRY 3,098,160), As of the report date, there are no treasury shares that have been sold.

Contribution to shareholders’ equity related to the merger

Contribution to shareholders’ equity related to the merger with Grundig Elektronik A.Ş, on September 30, 2009.

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NOTE 21 - EQUITY (Continued)

Restricted reserves

The Turkish Commercial Code (“TCC”) stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s paid-in share capital, Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders, Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

The details of these restricted reserves are as follows:

	March 31, 2023	December 31, 2022
Legal reserves	389,866	702,357
Reserves for treasury shares	3,098,160	3,098,160

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No, II-19,1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations, The communiqué does not constitute a minimum dividend rate, Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation, In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

As agreed in the ordinary general meeting dated March 16, 2023, the decision to pay dividends as cash has been taken and the TRY 1.8 billion (excluding treasury shares: TRY 1.6 billion) (2022: 1.5 Billion, excluding treasury shares: TRY 1.4 Billion) dividend payment to be made on September 25, 2023. The dividend details are as follows: 266.37929% corresponding to gross TRY 2.6637929 (full) (2022: 221.98274% and TRY 2.2198274) (net amount being equal to gross amount) per share of TRY 1.00 (full) nominal value to the institutional shareholders who are full taxpayers and to the limited liable taxpayers who obtain dividends through a business or permanent representative in Turkey; 266.37928% corresponding to gross TRY 2.3974136 (gross) and 239.74136% corresponding to net TRY 2.3974136 (full) per share of TRY 1.00 (full) nominal value to the other shareholders.

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NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	January 1- March 31, 2023	January 1- March 31, 2022
Other income from operating activities:		
Foreign exchange gain arising from trading activities	633,638	1,849,255
Credit finance income arising from trading activities	38,851	28,165
Income from claims and grants	47,656	11,151
Expected credit loss provisions no longer required (Note 9)	4,764	8,216
Other	7,460	4,431
	732,369	1,901,218
Other expenses from operating activities:		
Foreign exchange losses arising from trading activities	(612,098)	(1,212,354)
Credit finance charges arising from trading activities	(550,548)	(241,789)
Provision for expected credit loss (Note 9)	(22,774)	(4,579)
Other	(21,248)	(11,351)
	(1,206,668)	(1,470,073)

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	January 1- March 31, 2023	January 1- March 31, 2022
Income from investment activities:		
Income from sales of property plant and equipment	13,428	4,545
Dividends received from financial investments	-	156
	13,428	4,701
Expenses from investment activities:		
Loss from sales of property plant and equipment	(11,158)	(21,186)
	(11,158)	(21,186)

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NOTE 24 - FINANCIAL INCOME

	January 1- March 31, 2023	January 1- March 31, 2022
Foreign exchange gain (*)	1,305,703	1,306,487
Gain on derivative instruments	466,572	575,772
Interest income	231,850	86,971
Other	154,133	4,134
	2,158,258	1,973,364

(*) Foreign exchange gains are related to cash and cash equivalents, financial borrowings and other financial liabilities.

NOTE 25 - FINANCIAL EXPENSES

	January 1- March 31, 2023	January 1- March 31, 2022
Foreign exchange losses (*)	(1,661,173)	(1,868,652)
Interest expenses (**)	(1,339,515)	(742,268)
Losses on derivative instruments	(430,046)	(589,816)
Interest expense from contingent liability	(77,492)	-
Other	(133,178)	(17,839)
	(3,641,404)	(3,218,575)

(*) Foreign exchange losses are related to cash and cash equivalents, financial borrowings and other liabilities.

(**) TRY 53,811 of the interest expenses consists of the interest expense related to lease liabilities (2022: TRY 28,721).

NOTE 26 - TAX ASSETS AND LIABILITIES

	March 31, 2023	December 31, 2022
Corporation and income taxes	894,236	659,960
Prepaid tax	(750,250)	(609,695)
Tax liabilities (net)	143,986	50,265
Deferred tax assets	5,081,756	4,055,377
Deferred tax liabilities	(1,967,938)	(2,043,930)
Deferred tax assets, net	3,113,818	2,011,447

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return, Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

As of March 31, 2023, the corporate tax rate is 20% in Turkey (December 31, 2022: 23%), Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

Income tax expense for the three periods ended March 31 is as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Tax income		
- Current period tax expense	(525,118)	(352,588)
- Deferred tax income	973,300	125,502
Tax income	448,182	(227,086)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TAS/IFRS promulgated by POA Financial Reporting Standards and their statutory financial statements, These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/IFRS and Tax Laws.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Property, plant and equipment and intangible assets	10,047,187	10,971,781	(2,369,675)	(2,605,667)
Unused tax advantages ^(*)	-	-	1,899,044	1,418,967
Unused tax credits	(3,391,261)	(3,241,129)	982,718	954,594
Provision for warranty, assembly and transportation expenses	(2,051,316)	(1,851,960)	415,966	380,208
Inventories	(1,701,941)	(1,020,434)	402,084	288,341
Provision for employment termination benefits	(2,143,755)	(2,186,815)	422,923	427,569
Provision for expected credit lose	(294,846)	(321,767)	79,439	84,564
Derivative instruments	(13,917)	102,595	2,593	(20,895)
Other	(6,067,696)	(4,961,151)	1,278,726	1,083,766
Deferred tax assets, net	3,113,818	2,011,447		

^(*) Gains arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that investment reaches the contribution amount, In this context, as of March 31, 2023 the tax advantage of TRY 1,889,044 (December 31, 2022: TRY 1,418,967) from which the Company predicts to benefit in the foreseeable future is recognized as deferred tax asset in the condensed consolidated financial statements.

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred tax asset / (liabilities) for the three months period ended March 31 are as follows:

	2023	2022
Balance as of January 1	2,011,447	294,686
Deferred tax income recognized in statement of profit or loss	973,300	125,502
Deferred tax income recognized directly in the equity	34,062	23,188
Currency translation differences	95,009	(228,389)
Balance as of March 31	3,113,818	214,987

NOTE 27 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income per share by the weighted average number of shares that have been outstanding during the year.

The Companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings, In earnings per share calculation, this bonus share issuance is accepted as shares issued, Hence, weighted average stock share, which is used in the calculation of earnings per share, is acquired by retrospective application of bonus share issue.

Earnings per share and dividends paid in terms of share groups are as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Profit for the year attributable to shareholders of the Company	1,074,457	1,165,585
Weighted average number of ordinary shares with nominal value (kurus1 each one)	63,743,463,401	66,167,327,079
Earnings per share (kurus)	1,686	1,762

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NOTE 28 - RELATED PARTY DISCLOSURES

- (¹) Koç Holding group companies
(²) Associates
(³) Parent company
(⁴) Joint venture

(i) Balances with related parties

	March 31, 2023	December 31, 2022
(a) Due from related parties:		
Wat Motor ⁽¹⁾	311,739	276,993
Koçtaş Yapı Marketleri Ticaret A.Ş. ⁽¹⁾	104,703	51,598
Bilkom Bilişim Hizmetleri A.Ş., Voltbek ⁽⁴⁾	39,020	-
15,458	39,220	
Token Finansal Teknolojiler A.Ş. ⁽¹⁾	-	45,970
Diğer	47,938	6,616
	518,858	420,397
(b) Due to related parties:		
Current:		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ⁽¹⁾	857,853	1,390,857
Arçelik-LG ⁽⁴⁾	601,137	249,479
Ram Dış Ticaret A.Ş. ⁽²⁾	533,228	533,408
Token Finansal Teknolojiler A.Ş. ⁽¹⁾	188,608	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ⁽¹⁾	114,828	93,501
Ingage Dijital Pazarlama Hizmetleri A.Ş., Koç Holding A.Ş. ⁽³⁾	47,106	141,764
-	-	115,468
Bilkom Bilişim Hizmetleri A.Ş. ⁽¹⁾	-	42,640
Diğer	77,173	175,296
	2,419,933	2,742,413

(c) Deposits:

	March 31, 2023	December 31, 2022
Yapı ve Kredi Bankası A.Ş. and its subsidiaries ⁽¹⁾	231,834	1,101,472

- (¹) Koç Holding group companies

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

(d) Derivative instruments

March 31, 2023	Contract Amount	Fair value assets/(liabilities)	
Yapı ve Kredi Bankası A.Ş,	5,255,889	3,701	(9,196)
December 31, 2022	Contract amount	Fair value assets/(liabilities)	
Yapı ve Kredi Bankası A.Ş,	1,713,121	1,297	(3,716)

(ii) Transactions with related parties

Sales of goods and services:	January 1-March 31, 2023	January 1-March 31, 2022
Bilkom Bilişim Hizmetleri A.Ş,	163,191	97,491
Token Finansal Teknolojiler A.Ş,	154,811	70,024
WAT Motor	43,694	96,168
Voltbek	6,465	1,448
Koçtaş Yapı Marketleri Ticaret A.Ş,	-	43,549
Diğer	6,054	11,376
	374,215	320,056
Purchases of goods and services:	January 1-March 31, 2023	January 1-March 31, 2022
Zer Merkezi Hizmetler ve Ticaret A.Ş,	1,138,909	949,566
Arçelik-LG	728,506	712,943
Ram Dış Ticaret	549,002	109,337
Token Finansal Teknolojiler A.Ş,	259,276	36,314
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş,	90,549	72,536
Bilkom Bilişim Hizmetleri A.Ş,	57,058	47,865
Ram Sigorta Aracılık Hizmetleri A.Ş,(*) ⁽¹⁾	16,481	99,251
Diğer	159,374	98,225
	2,999,155	2,126,037

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

The Group purchases direct and indirect materials and receives service from Zer Merkezi Hizmetler A.Ş., The average payment term is around sixty days.

The Group purchases air conditioners produced by Arçelik-LG, Purchasing conditions are determined in line with sales conditions.

(*) The amount consists of insurance premium and accruals to non-related insurance companies over the contracts signed through insurance agency Ram Sigorta Aracılık Hizmetleri A.Ş.

(1) Koç Holding group companies

(a) Key management compensation:

Total compensation provided to members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to General Manager by the Company for the three-month ended March 31, 2023 amounts to TRY 16,216 (January 1 -March 31, 2022 TRY 9,595).

There is no redundancy payment made to the senior executives and the remaining amount is short-term benefits (March 31, 2022: None).

(b) Other transactions:

	January 1- March 31, 2023	January 1- March 31, 2022
<i>Interest income:</i>		
Yapı ve Kredi Bankası A.Ş, and its subsidiaries	3,258	34,189
<i>Interest expense:</i>		
Yapı ve Kredi Bankası A.Ş, and its subsidiaries	3,238	9,625

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates, The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Hedging operations and derivative instruments

Liquidity risk

The risk of failure in settling financial liabilities is eliminated by managing the consolidated financial position statement and expected cash flows in harmony, In this context, the maturities of the financial liabilities are kept in line with the maturities of assets to eliminate any duration mismatch, to maintain short term liquidity with effective inventory term, trade receivables and trade payables term, net working capital objectives are set and consolidated statement of financial position ratios are aimed to be kept at particular levels.

Cash flow estimations for midterm and long-term liquidity management of the Group are made by taking into account financial market and sector dynamics and cash flow cycle is observed and is tested by various scenarios.

Interest Rate Risk

Changes in interest rates create significant risks over financial results with due to the impact on interest sensitive assets and liabilities, These exposures are managed by establishing a fixed-floating balance in the consolidated financial statements and balancing interest rate sensitive assets and maturity with inter balance sheet items and using derivative instruments when considered necessary.

In this context, matching of not only maturities of receivables and payables but also contractual re-pricing dates is crucial, In order to minimize the exposures to interest rate volatility, contractual re-pricing date of financial liabilities and receivables and “fixed interest/ floating interest”, “short-term/ long-term” balance within liabilities are structured coherently.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Credit risk

The Group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks,

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion, Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.).
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.).
- Mortgages.
- Cheques-notes negotiated.

In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors, Individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets, Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

Details of credit and receivable risk as of March 31, 2023 and December 31, 2022 are as follows:

March 31, 2023	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
Maximum exposed credit risk as of reporting date ⁽¹⁾	518,858	39,147,542	28,495,559	59,437
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(31,401,862)	-	-
A. Net book value of financial asset either are not due or not impaired	518,858	38,117,731	28,495,559	59,437
-Secured portion by guarantees, etc.	-	(30,673,600)	-	-
B. Net book value of overdue but not impaired financial assets	-	1,036,880	-	-
- Secured portion by guarantees, etc.	-	(719,558)	-	-
C. Net book value of the impaired assets	-	8,704	-	-
- Overdue (Gross book value)	-	748,223	-	-
- Impairment (-)	-	(739,519)	-	-
- Secured portion of the net value by guarantees, etc.	-	(8,704)	-	-
D. Expected credit losses (-)	-	(15,773)	-	-

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Details of credit and receivable risk as of December 31, 2022 are as follows:

December 31, 2022	Trade receivables		Bank deposits	Derivative instruments
	Related parties	Third parties		
Maximum exposed credit risk as of reporting date ⁽¹⁾	420,397	33,815,044	23,907,488	232,043
Secured portion of the maximum credit risk by guarantees, etc, ⁽²⁾	-	(27,599,468)	-	-
A. Net book value of financial asset either are not due or not impaired	420,397	32,738,640	23,907,488	232,043
-Secured portion by guarantees, etc,	-	(26,907,529)	-	-
B. Net book value of overdue but not impaired financial assets	-	1,076,750	-	-
- Secured portion by guarantees, etc,	-	(676,881)	-	-
C. Net book value of the impaired assets	-	15,058	-	-
- Overdue (Gross book value)	-	761,760	-	-
- Impairment (-)	-	(746,702)	-	-
- Secured portion of the net value by guarantees, etc,	-	(15,058)	-	-
D. Expected credit losses (-)	-	(15,404)	-	-

⁽¹⁾ Amounts showing the maximum credit risk exposed as of reporting date by excluding guarantees in hand and other factors that increase the credit quality.

⁽²⁾ Major part of guarantees is composed of mortgages and trade receivable insurances.

a) Credit quality of financial assets which are not overdue and not impaired

	March 31, 2023	December 31, 2022
Group 1	536,188	1,396,585
Group 2	37,665,760	31,505,464
Group 3	434,641	256,988
	38,636,589	33,159,037

Group 1 - New customers (customers for a period less than 3 months).

Group 2 - Existing customers with no defaults in the past (customers for a period of more than 3 months).

Group 3 - Existing customers with some defaults in the past of which were fully recovered.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Aging analysis of the receivables which are overdue but not impaired

	March 31, 2023	December 31, 2022
0-1 month	560,557	732,101
1-3 months	194,314	102,669
3-12 months	145,611	156,853
1-5 years	136,398	85,127
	1,036,880	1,076,750

The Group has applied the simplified approach stated in TFRS 9 for the calculation of expected credit loss provision for trade receivables, This approach allows expected credit loss provision for all trade receivables, In order to measure expected credit losses, the Group appropriately classified its trade receivables based on maturity and credit risk characteristics, The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and forward-looking macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and totals of trade receivable.

Details of the calculation as of March 31, 2023 are as follows:

March 31, 2023	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected loss rate (%)	0,005	0,12	0,35	1,46	
Gross carrying amount	39,058,938	210,969	707,579	866,556	40,844,042
Loss allowance provision	(2,074)	(246)	(795)	(12,658)	(15,773)

Details of the calculation as of December 31, 2022 are as follows:

December 31, 2022	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected loss rate (%)	0,006	0,03	0,31	0,17	
Gross carrying amount	33,320,524	470,569	476,358	891,583	35,159,034
Loss allowance provision	(1,479)	(413)	(1,015)	(12,497)	(15,404)

Foreign exchange risk

Since the Group operates in a diverse geographical area, operations are performed using multiple currencies, Therefore, foreign exchange risk is one of the most significant financial risks that the Group is exposed to.

Trade relations between the Company and its subsidiaries are structured within the framework of relevant legislations and managed centrally by subsidiaries’ functional currencies, Thus, foreign currency risk born by the subsidiaries is minimized, It is aimed to set the ratio of foreign exchange risk position over equity at a predetermined interval.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The main principle of foreign currency risk management is to minimize the impact of foreign exchange fluctuations by maintaining foreign exchange asset position close to zero.

Inter balance sheet methods are preferred for the management of foreign currency risk as in other risk items, However, when necessary, derivative instruments are also used for maintaining foreign currency position at a predetermined level.

Foreign currency hedge of net investments in foreign operations

The Group designated some portion of the Euro dominated bonds issued and Ruble dominated contingent liabilities as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe and Russia from Euro and Ruble to Turkish Lira, Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in equity in foreign currency hedge of net investments in foreign operations fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations, As of March 31, 2023, a portion of bank borrowings amounting to EUR 190,000,000 and contingent liabilities RUB 10,862,126,328 (before tax) was designated as a net investment hedging instrument (December 31, 2022: EUR 200,000,000 and 10,548,277,984 RUB).

Foreign currency position

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	March 31, 2023	December 31, 2022
Assets	38,383,133	31,268,591
Liabilities	(54,672,601)	(44,516,402)
Net position of financial statement	(16,289,468)	(13,247,811)
Net position of derivative instruments	12,902,252	12,785,037
Foreign currency position (net)	(3,387,216)	(462,774)

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currencies, other than the functional currencies of the Company and its’ subsidiaries are accepted as foreign currencies, The original currencies are presented in thousands (‘000).

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of March 31, 2023 are as follows:

	EUR	USD	GBP	RUB	CNY	PLN	JPY	SGD	VND	Other Currency's TRY Equivalent	TRY Equivalent
Current Assets											
Trade receivables	380,593	314,776	53,327	2,587,717	252,565	45,137	1,651,122	4,649	1,167	805,041	17,850,982
Monetary financial assets	379,201	577,730	6	83,284	6,050	466	359,342	4,445	-	6,268	19,111,080
Other	6,667	48,353	1	-	-	-	-	1,796	-	5,185	1,095,568
Non-Current Assets											
Trade receivables	1,172	15,448	-	-	1,642	-	-	-	-	-	324,894
Total Assets	767,633	956,307	53,334	2,671,001	260,257	45,603	2,010,464	10,890	1,167	816,696	38,382,524
Current Liabilities											
Trade payables	313,367	402,638	367	179,345	132,563	-	123,142	1,848	19,910,499	138,834	14,846,955
Financial liabilities	504,695	650,499	-	-	-	-	-	739	-	-	22,963,829
Other monetary liabilities	5,156	6,431	-	-	-	-	5,176	554	-	144	239,258
Non-Current Liabilities											
Trade payables	-	3,471	-	-	-	-	-	-	-	-	66,456
Financial liabilities	666,925	-	-	-	-	-	-	-	-	-	13,873,441
Other monetary liabilities	-	36	-	10,862,126	-	-	-	-	-	-	2,682,662
Total Liabilities	1,490,143	1,063,075	367	11,041,471	132,563	-	128,318	3,141	19,910,499	138,978	54,672,601
Net Position of Financial Statement	(722,510)	(106,768)	52,967	(8,370,470)	127,694	45,603	1,882,146	7,749	(19,909,332)	677,718	(16,290,077)
Off-balance sheet derivative assets (*)	781,081	351,209	-	10,862,126	-	-	-	1,150	-	125,485	25,796,413
Off-balance sheet derivative liabilities (*)	(112,048)	(353,428)	(47,000)	(1,800,000)	(250,000)	(30,000)	(1,920,000)	(8,350)	-	(1,020,657)	(12,894,161)
Net position of off-balance sheet items	669,033	(2,219)	(47,000)	9,062,126	(250,000)	(30,000)	(1,920,000)	(7,200)	-	(895,172)	12,902,252
Net Asset/(Liability) Position of Foreign Currency	(53,477)	(108,987)	5,967	691,656	(122,306)	15,603	(37,854)	549	(19,909,332)	(217,455)	(3,387,825)
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(722,510)	(106,768)	52,967	(8,370,470)	127,694	45,603	1,882,146	7,749	(19,909,332)	677,718	(16,290,077)
Hedged Amount of Foreign Currency Assets	112,048	353,428	47,000	1,800,000	250,000	30,000	1,920,000	8,350	-	1,020,658	12,894,163
Hedged Amount of Foreign Currency Liabilities	781,081	351,209	-	10,862,126	-	-	-	1,150	-	125,485	25,796,413

(*) Some portion of EUR denominated bonds issued and RUB denominated contingent liabilities designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe and Russia, is included in off balance sheet derivative assets.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2022 are as follows:

	EUR	USD	GBP	RUB	CNY	PLN	JPY	SGD	VND	Other Currency's TRY Equivalent	TRY Equivalent
Current Assets											
Trade receivables	386,622	296,639	52,644	770,243	243,312	57,672	1,645,224	4,267	1,167	749,483	16,577,381
Monetary financial assets	203,084	501,593	108	21	-	140	135,081	9,937	-	40,612	13,628,884
Other	2,888	42,157	-	-	4,578	-	-	1,621	-	4,300	885,043
Non-Current Assets											
Trade receivables	941	8,478	-	-	-	-	-	-	-	-	177,283
Total Assets	593,535	848,867	52,752	770,264	247,890	57,812	1,780,305	15,825	1,167	794,395	31,268,591
Current Liabilities											
Trade payables	317,560	435,271	6,265	94,119	70,752	-	321,204	1,653	19,910,499	144,783	15,053,310
Financial liabilities	155,595	555,045	-	-	-	-	-	938	-	-	13,493,267
Other monetary liabilities	4,772	9,166	2	-	-	-	118,859	710	-	552	293,824
Non-Current Liabilities											
Trade payables	-	370	-	-	-	-	-	-	-	-	6,918
Financial liabilities	653,206	-	-	-	-	-	-	-	-	-	13,021,596
Other monetary liabilities	-	128	-	10,193,848	-	-	-	-	-	-	2,647,487
Total Liabilities	1,131,133	999,980	6,267	10,287,967	70,752	-	440,063	3,301	19,910,499	145,335	44,516,402
Net Position of Financial Statement	(537,598)	(151,113)	46,485	(9,517,703)	177,138	57,812	1,340,242	12,524	(19,909,332)	649,060	(13,247,811)
Off-balance sheet derivative assets (*)	558,786	330,246	-	10,193,848	-	-	60,000	-	-	139,337	20,107,297
Off-balance sheet derivative liabilities (*)	(39,307)	(153,463)	(55,800)	(1,450,000)	(275,000)	(60,000)	(1,300,000)	(12,250)	-	(690,280)	(7,322,260)
Net position of off-balance sheet items	519,479	176,783	(55,800)	8,743,848	(275,000)	(60,000)	(1,240,000)	(12,250)	-	(550,943)	12,785,037
Net Asset/(Liability) Position of Foreign Currency	(18,119)	25,670	(9,315)	(773,855)	(97,862)	(2,188)	100,242	274	(19,909,332)	98,117	(462,774)
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(537,598)	(151,113)	46,485	(9,517,703)	177,138	57,812	1,340,242	12,524	(19,909,332)	649,060	(13,247,811)
Hedged Amount of Foreign Currency Assets	39,307	153,463	55,800	1,450,000	275,000	60,000	1,300,000	12,250	-	690,280	7,322,261
Hedged Amount of Foreign Currency Liabilities	558,786	330,246	-	10,193,848	-	-	60,000	-	-	139,337	20,107,297

(*) Some portion of EUR denominated bonds issued designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of March 31, 2022, and December 31, 2022, if related currencies had appreciated by 10% against TRY with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is presented in the tables below, Secured portions include impact of derivative instruments.

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
March 31, 2023				
USD net asset/liability	(204,418)	204,418	212,830	(212,830)
Secured portion from USD risk	(4,248)	4,248	(4,248)	4,248
USD Net effect	(208,666)	208,666	208,582	(208,582)
EUR net asset/liability	(1,107,733)	1,107,733	(1,348,495)	1,348,495
Secured portion from EUR risk	996,489	(996,489)	1,391,729	(1,391,729)
EUR Net effect	(111,244)	111,244	43,234	(43,234)
GBP net asset/liability	124,972	(124,972)	167,143	(167,143)
Secured portion from GBP risk	(110,893)	110,893	(110,893)	110,893
GBP Net effect	14,079	(14,079)	56,250	(56,250)
JPY net asset/liability	27,122	(27,122)	27,122	(27,122)
Secured portion from JPY risk	(27,667)	27,667	(27,667)	27,667
JPY Net effect	(545)	545	(545)	545
PLN net asset/liability	20,311	(20,311)	60,385	(60,385)
Secured portion from PLN risk	(13,361)	13,361	(13,361)	13,361
PLN Net effect	6,950	(6,950)	47,024	(47,024)
RUB net asset/liability	61,522	(61,522)	475,614	(475,614)
Secured portion from RUB risk	(44,444)	44,444	223,753	(223,753)
RUB Net effect	17,078	(17,078)	699,367	(699,367)
VND net asset/liability	(1,633)	1,633	(19,131)	19,131
Secured portion from VND risk	-	-	-	-
VND Net effect	(1,633)	1,633	(19,131)	19,131
CNY net asset/liability	35,338	(35,338)	16,914	(16,914)
Secured portion from CNY risk	(69,185)	69,185	(69,185)	69,185
CNY Net effect	(33,847)	33,847	(52,271)	52,271
SGD net asset/liability	11,177	(11,177)	11,177	(11,177)
Secured portion from SGD risk	(10,385)	10,385	(10,385)	10,385
SGD Net effect	792	(792)	792	(792)
Other net asset/liability	67,832	(67,832)	1,180,371	(1,180,371)
Secured portion from other currency risk	(89,518)	89,518	(89,518)	89,518
Other Currency Net effect	(21,686)	21,686	1,090,853	(1,090,853)
	(338,722)	338,722	2,074,155	(2,074,155)

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
December 31, 2022				
USD net asset/liability	(282,555)	282,555	(341,781)	341,781
Secured portion from USD risk	330,554	(330,554)	330,554	(330,554)
USD Net effect	47,999	(47,999)	(11,227)	11,227
EUR net asset/liability	(679,696)	679,696	(840,336)	840,336
Secured portion from EUR risk	643,576	(643,576)	1,035,576	(1,035,576)
EUR Net effect	(36,120)	36,120	195,240	(195,240)
GBP net asset/liability	104,541	(104,541)	136,251	(136,251)
Secured portion from GBP risk	(125,490)	125,490	(125,490)	125,490
GBP Net effect	(20,949)	20,949	10,761	(10,761)
JPY net asset/liability	18,938	(18,938)	18,938	(18,938)
Secured portion from JPY risk	(17,521)	17,521	(17,521)	17,521
JPY Net effect	1,417	(1,417)	1,417	(1,417)
PLN net asset/liability	24,652	(24,652)	60,240	(60,240)
Secured portion from PLN risk	(25,585)	25,585	(25,585)	25,585
PLN Net effect	(933)	933	34,655	(34,655)
RUB net asset/liability	26,741	(26,741)	(16,701)	16,701
Secured portion from RUB risk	(46,822)	46,822	226,885	(226,885)
RUB Net effect	(20,081)	20,081	210,184	(210,184)
VND net asset/liability	(1,573)	1,573	(15,516)	15,516
Secured portion from VND risk	-	-	-	-
VND Net effect	(1,573)	1,573	(15,516)	15,516
CNY net asset/liability	47,484	(47,484)	30,742	(30,742)
Secured portion from CNY risk	(73,717)	73,717	(73,717)	73,717
CNY Net effect	(26,233)	26,233	(42,975)	42,975
SGD net asset/liability	17,488	(17,488)	17,488	(17,488)
Secured portion from SGD risk	(17,106)	17,106	(17,106)	17,106
SGD Net effect	382	(382)	382	(382)
Other net asset/liability	64,909	(64,909)	1,597,349	(1,597,349)
Secured portion from other currency risk	(55,095)	55,095	(55,094)	55,094
Other Currency Net effect	9,814	(9,814)	1,542,255	(1,542,255)
	(46,277)	46,277	1,925,176	(1,925,176)

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Import and exports performed to / from Turkey for the year ended as of March 31, 2023 and March 31, 2022 are as follows:

	March 31, 2023 TRY	March 31, 2022 TRY
EUR	5,275,609	4,689,456
USD	1,808,180	2,202,552
GBP	1,602,151	1,553,782
Other	1,591,627	876,182
Total exports	10,277,567	9,321,972
EUR	2,278,569	1,851,217
USD	4,797,329	3,895,544
GBP	5,081	4,736
Other	4,373	11,374
Total imports	7,085,352	5,762,871

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectible are estimated to be their fair values.

Financial liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

As of March 31, 2023, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 29,718,814 (December 31, 2022: TRY 30,763,804) (Note 7) and TRY 26,693,276 (December 31, 2022: TRY 28,505,680) respectively, Fair value is calculated by discounting the cash out flows regarding due dates of borrowings considering the changing country risk premium and changes in market interest rates.

Contingent consideration from acquisition transactions

Group measures the contingent consideration liabilities arising from purchase/acquisition transactions at their fair value on it’s consolidated financial statements. In this context, the contingent consideration liability in relation to the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC, whose acquisitions have been completed as of August 31, 2022 are measured at fair value in the consolidated financial statements as of March 31, 2023.

The contingent consideration liability is calculated by discounting the expected future cash flows of the acquired companies to date. Estimations on earnings before interest tax depreciation amortization (“EBITDA”), long term growth rate and discount rates are taken into account in the calculation of discounted future cash flows of the acquired companies. According to the Group's assessments, EBITDA growth rates are the key assumptions used in the calculation of the discounted contingent consideration liabilities.

Under the assumption of 1% increase/decrease in EBITDA growth rates as at 31 March 2023, all other variables held constant, the Group’s contingent consideration liability would have been increased/decreased by TRY 245,000.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted).

Level 2: Other valuation techniques includes direct or indirect observable inputs, The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs.

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NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy table as of March 31, 2023 is as follows:

Financial assets carried at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 8)	-	59,437	-
Financial investments (Note 6)	15,800	15,587	920

Financial liabilities carried at fair value in statement of financial position

Derivative instruments (liabilities) (Note 8)	-	(91,205)	-
Other long term liabilities (Note 20)	-	-	(2,681,968)

Fair value hierarchy table as of December 31, 2022 is as follows:

Financial assets carried at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 8)	-	232,043	-
Financial investments (Note 6)	22,562	15,493	901

Financial liabilities carried at fair value in statement of financial position

Derivative instruments (liabilities) (Note 8)	-	(179,692)	-
Other long term liabilities (Note 20)	-	-	(2,737,067)

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NOTE 31 - SUPPLEMENTARY CASH FLOW INFORMATION

Statements of cash flows are presented within the consolidated financial statements.

Details of "adjustments for provisions" and "adjustments for impairment loss" lines presented in the consolidated statements of cash flows are as follows:

	1 January- March 31, 2023	1 January- March 31, 2022
Adjustments for provisions:		
Provision for assembly and transportation cost	1,317,337	381,929
Warranty provision	981,727	317,844
Accrual for customer premiums	619,320	179,496
Provision for employment termination benefits	125,270	68,475
Provision for vacation pay liability	64,702	28,852
Accrual for bonuses and premiums	(53,059)	(57,073)
Other provisions	11,475	(40,107)
	3,066,772	879,416
Adjustments for impairment loss:		
Provision for impairment on inventories	10,093	19,013
Provision for doubtful receivables (Note 9)	18,010	4,579
	28,103	23,592

NOTE 32 - EVENTS AFTER BALANCE SHEET DATE

The bond issued by the Company at abroad (quoted in Ireland Stock Exchange) on April 3, 2013, in the amount of USD 500 Million with 10-year maturity, is redeemed in full as of April 3, 2023.

NOTE 33 – OTHER SUBJECTS

As stated by our company in the material disclosure dated January 17, 2023, the establishment of a partnership among Arçelik and Whirlpool Corporation under the control of Arçelik for European activities, and the process regarding the acquisition of all shares by Ardutch of the two subsidiaries of Whirlpool, established in the United Arab Emirates and Morocco and operating in the Middle East and North Africa ("MENA") market, continues with Whirlpool. The closures of the two transactions mentioned in the related statement are expected to take place in the second half of 2023.